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Plans for Extending Coöperative Buying and Selling in the United States

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THE promotion of the All-American Farmer-Labor Coöperative Commission by the progressive labor and farmer organizations is the outcome of a growing conviction on the part of these influential groups that there is little hope of bringing down the cost or improving the standard of living for the large mass of workers and farmers by the conventional methods advocated by the spokesmen of the existing order. The unions and societies which are behind this national coöperative movement are organized primarily for furthering the economic interests of their members. In the past their concern has been largely with securing a fair return for their produce, whether hours of work or bushels of corn. Long and bitter experience, however, has taught them that the present economic system works in such a way that the increases in the returns which they are able to secure for their commodities invariably lag behind increases in the prices of necessities. They have become convinced that either radical changes must be made in the prevailing economic system or a new kind of system built up before forces are created which will bring about a gradual reduction in or stabilization of prices.

The organizations supporting this commission attribute the existing price tendencies directly and indirectly to the necessity of maintaining a margin in the form of interest, dividends or

profits in all undertakings which render a service to the people, whether financial, commercial or productive. The motive behind this necessity, they maintain, fosters, among other ills, a continuously growing economic overhead. The non-producers of society are growing at the expense of the producers. In other words, the competitive system is becoming commercially top-heavy. As it does so, the scramble for as large a profit margin as possible becomes more and more intense. The main purpose for which individuals and groups really work, the production and distribution of the necessities of life, they maintain, in the present scheme of things, becomes secondary in importance, providing it is not entirely perverted. As incontestable evidence of this tendency, they point, for instance, to activities similar to that of the Sheffield Farms Company, a milk distributing agency of New York City, when it urged the farmers to limit milk production, in order, it seems, that prevailing price levels be not disturbed. The frequent wasteful disposal of food products for the sake of maintaining prices, the pressure brought to bear on the War Department not to dispose of its surplus food stocks, the immediate pyramiding of commodity prices to the final consumer when relatively small increases in the cost of labor per unit of production become necessary, are all marshalled as proof that a

thorough revision and redistribution of responsibility for the functions of our economic system are in high order. They are convinced that a new motive must replace the present profit motive of our commercial, agricultural and industrial activities.

WORK OF ALL-AMERICAN FARMER- LABOR COÖPERATIVE CONGRESS

Elimination of Profit Making

This new motive they conceive to be direct non-profit service. They propose to foster it by coöperative methods. The element of profit-making in the transactions of men and their organizations must be eliminated.

As the first step in the process for bringing about the desired object, the combined organizations supporting the commission convened the All-American Farmer-Labor Coöperative Congress in Chicago, February 12, 13 and 14, 1920. This congress was composed of delegates from labor, farmer, and coöperative organizations all over the country. It heard addresses and committee reports and engaged in discussions of all the important phases of the coöperative movement.

Organization of Credit Unions

In the interest of coöperative financing, banking and credit, the committee on this subject specifically recommended the establishment of credit unions and workers and farmers' coöperative banks, as the inaugural movement for gradually securing proper control of credit. The formation of these credit unions and banks is to be entirely in response to local requirements wherever they arise. These institutions are to be used for meeting the credit needs of new and going coöperative enterprises, and of

farmers and workers who need help to get established or to improve their usefulness. Further, the committee proposed that the existing banking laws and regulations of the various states and the nation be followed in the establishment of these banks, except that they be organized on a strict coöperative basis, and that the interest returns be restricted to the lowest possible, 6 or 8 per cent. In states where the organization of credit unions is not possible, owing to existing legal limitations, the committee advocated the passing of laws lifting these restrictions.

The extent to which these individual banking enterprises should eventually link themselves together for wider coöperation and control of the national credit was not widely discussed. It was recognized that the interrelation of individual coöperative banking institutions had to be a distinct growth and could not very well be predetermined at this early stage of coöperative finance.

Principal Phases of Coöperative Distribution

The next set of reports and discussions had to do with the principal phases of coöperative distribution. They dealt with the principles and details in the organization and management of coöperative wholesale and retail stores. The Rochdale system of coöperative stores was indorsed. A rather rigid system of bonding and supervision was also advocated to insure against the possibilities of profit making in the coöperative distributing machinery. Particularly was the importance of developing methods of direct trading pointed out.

Action was taken, looking to the systematic development of this phase of the movement.

Revision of System of Industrial Management

The commission and the congress further recognized that the entire system of control and management of industrial establishments under coöperative enterprise will have to be revised. The capitalistic control of industry has developed a type of industrial management which is distinctly militaristic and autocratic. If the maximum is to be secured by way of the greatest possible efficiency and economy in production, then coöperative industrial establishments must be so administered that the workers in these establishments become a genuine part of the living organisms which actuate them. The farmer and labor organizations are clearly aware of the vast savings which become possible when the full interest and thorough coöperation of every worker in industry is secured. They see that these savings can only then be secured when the status of the individual worker is changed from that of a mere wage earner to a coöperative producer, working in a democratically controlled plant. So they most seriously considered the new type of democratic industrial management which must be devised for the control and administration of coöperative factories, large stores, packing plants, mines and similar centers of operation. The congress authorized the creation of a committee composed of technical experts to study this subject and, if possible, to supervise a development endeavoring to embody the fundamental principles involved.

Education, Publicity and Legislation

The subjects of education, publicity and legislation, as required for the adequate promotion of the movement, were also discussed. It was clearly recognized that sound education and stimulation were of basic importance to real success. Provision for accomplishing these particular purposes was made.

FUNCTIONS OF ALL-AMERICAN FARM LABOR COÖPERATIVE COMMISSION

It is not intended that the work of the commission is to find expression only in the transactions of the annual congress. One of the most important actions agreed upon concerned the organization and permanent administrative functions of the commission. The functions which it is hoped will gradually be assumed and developed by the business organization of the commission include the active guidance, coördination and supervision of all types of coöperative enterprises. The necessity for assuming a measure of responsibility for such activities is in response to a spontaneous demand which has arisen as a result of the many individual and isolated coöperative enterprises already started. It is expected that these administrative and supervisory functions will be analogous to the functions performed for the present capitalistic financial and distributing system by such agencies as the different credit rating houses, bank clearing houses, produce exchanges, boards of trade, and chambers of commerce.

The conclusion should not be reached that these farmers and workers propose to set up an economic system absolutely independent of and unrelated

to the capitalistic system as it exists and functions today. If any such attempt were made, it is quite certain that it would fail. Rather is it proposed to start coöperative enterprises, stores, banks, and shops, in a small way and in response to local needs in environments which presage, by their characteristics and the temper of those who are to be served, a reasonable prospect of success. The inhibition and limitations imposed by the prevailing system are recognized. However, the coöperative movement cannot ignore them, but must, in its evolutionary stages, adjust itself to them. The modifications in social psychology, which are necessary before the movement can have an appreciable effect on the costs and standards of living, must be slow and genuinely a part of the masses who are to be benefited.

Furthermore, the business-like and systematic approach to the many problems which present themselves for solution reveals that there is not only a thorough realization of the size of the job but also that there is a thorough understanding of the fundamental differences in the new economic system with which it is gradually hoped to replace the old. The necessity for and great importance of the technical expert to help in the inauguration and management of the many phases of the movement were repeatedly emphasized in the reports and during the discussions of the congress. The representatives of the workers and farmer organizations delegated as the officers of the commission are quite similarly aware of this, and in their detailed plans for the business organization they are not

overlooking the functions of the skilled adviser and manager.

It is, of course, too early to state what effect an attempt at a concerted movement such as this one, inaugurated by the progressive wings of the farmer and labor organizations, will have on the levels of commodity prices. There are, today, many individual coöperative enterprises under way. They have mostly been organized by labor and farmer organizations. They are all working practically independent of one another. Many of them are distinctly successful, others are managing to keep going, while some are having serious difficulties.

SERVICE VERSUS PROFITS

As it becomes possible to coördinate these individual attempts, the coöperative movement will of course extend farther and farther into the outlying realms of distribution and production. With the ideal of service substituted in place of that of profits, distinct forces will be released which should have an ever increasing effect on price tendencies. If the growing popularity of the coöperative movement, undoubtedly stimulated largely by the existing chaos in commodity prices, is any sign, if the business-like approach to the entire problem of bringing about the national promotion and coördination of coöperative finance, distribution and production by the labor and farmer organizations is an indication it should not be unwarranted in concluding that this movement holds out about as much hope as any so far inaugurated to reduce the cost of living and eventually make possible improvements in the standards of living.